

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
NEW ALBANY DIVISION

IN RE: )  
 )  
EASTERN LIVESTOCK CO., LLC, ) CASE NO. 10-93904-BHL-11  
 )  
Debtor. )

**SECOND SUPPLEMENTAL OBJECTION TO TRUSTEE'S MOTION TO TRANSFER FUNDS AND NOTICE OF RELEASE OF PROCEEDS FROM ACCOUNT**

The First Bank and Trust Company ("First Bank"), by counsel, for its Second Supplemental Objection to Trustee's Purchase Money Claims Report, Motion to Transfer Funds and Notice of Release of Proceeds From Account ("Second Supplemental Objection"), respectfully submits this Second Supplemental Objection. This Second Supplemental Objection is filed in addition to the objection filed by First Bank on May 31, 2011 [Docket No. 519] and the Supplemental Objection filed by First Bank on June 17, 2011 [Docket No. 554], and First Bank further states as follows:

1. First Bank likely has an interest in four (4) specific groups of cattle proceeds that are currently being held in escrow by Trustee James Knauer ("Eastern Livestock Trustee"). These four groups of cattle proceeds appear to relate to cattle that Thomas P. Gibson owned and were subject to First Bank's lien.

2. In accordance with the Agreed Entry submitted by the Eastern Livestock Trustee, First Bank and the Gibson Trustee on August 1, 2011 (the "August 1 Agreed Entry"), First Bank asserts that four specific groups of cattle – namely Reference Nos. 13, 54, 76, and 87, as set forth in the Eastern Livestock Trustee's Amended Exhibit A to the Trustee's Purchase

Money Claims Report [Docket No. 596] ("Eastern Livestock Trustee's Amended Exhibit A") – were owned by Thomas P. Gibson and are subject to First Bank's lien.

3. In accordance with the terms of the August 1 Agreed Entry, First Bank may file another Supplemental Objection relating to Reference Nos. 13, 54, 76, and 87, and, if First Bank's objection to these referenced transactions is not resolved before August 22, 2011, First Bank and the Gibson Trustee will conduct a status conference on the Omnibus docket and enter a scheduling order to adjudicate the objection.

4. Pursuant to the August 1 Agreed Entry, the Eastern Livestock Trustee will not transfer proceeds related to Reference Nos. 13, 54, 76, and 87 out of the Eastern Livestock Trustee's escrow account until the objection is withdrawn, resolved or adjudicated.

5. Except for the funds relating to Reference Nos. 13, 54, 76, and 87, First Bank does not assert a direct claim to the remaining cattle sale proceeds identified in the Eastern Livestock Trustee's Amended Exhibit A. Notwithstanding First Bank's extension until October 31, 2011 to file Purchase Money Claims and Proof of Claim, or the general objection that transfers from the Trustee's escrow account are not ripe until all purchase money proofs of claim have been filed, First Bank does not object to the Eastern Livestock Trustee's transferring of proceeds (except for proceeds relating to Reference Nos. 13, 54, 76, and 87) to Eastern Livestock's operating account subject to the reservations set forth below and the terms of the August 1 Agreed Entry.

6. Except as stated otherwise in the August 1 Agreed Entry or this Second Supplemental Objection, First Bank reserves all other rights in this proceeding, including but not limited to the following: (1) First Bank reserves all rights to object to new monies placed into the Eastern Livestock Trustee's escrow account, and for which the Eastern Livestock Trustee may

or will request transfer of such monies to the Eastern Livestock operating account; (2) First Bank reserves all rights to object to transfers out of the operating account, and nothing in this Second Supplemental Objection should be construed as an admission by First Bank that proceeds held by the Eastern Livestock Trustee in escrow or in the operating account are secured to and/or constitute cash collateral or excess cash collateral of Fifth Third Bank; and (3) First Bank reserves all rights to object to any other distribution to Fifth Third, including but not limited to any attempted repayment of the Trustee Loan.

WHEREFORE, First Bank respectfully requests that the Court enter an Order denying the Trustee's Purchase Money Claims Report, Motion to Transfer Funds and Notice of Release of Proceeds from Account [Docket No. 501] with respect to Reference Nos. 13, 54, 76, and 87, and for all other appropriate relief.

Respectfully submitted,

/s/ Daniel J. Donnellon

Daniel J. Donnellon, pro hac vice  
Stephen A. Weigand, pro hac vice  
FARUKI IRELAND & COX P.L.L.  
201 East Fifth Street, Suite 1420  
Cincinnati, OH 45202  
Telephone: (513) 632-0300  
Telecopier: (513) 632-0319  
Email: ddonnellon@ficlaw.com

Attorneys for The First Bank and Trust  
Company

**CERTIFICATE OF SERVICE**

I hereby certify that on August 1, 2011, a true and correct copy of the foregoing Second Supplemental Objection to Trustee's Purchase Money Claims Report, Motion to Transfer Funds and Notice of Release of Proceeds From Account was filed electronically. Notice of this filing will be sent to all parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

David L. Abt  
davidabt@mwt.net

C. R. Bowles, Jr  
crb@gdm.com

John Hunt Lovell  
john@lovell-law.net

Mark A. Robinson  
mrobinson@vhrlaw.com

Jesse Cook-Dubin  
jcookdubin@vorys.com

Edward M King  
tking@fbtlaw.com

Randall D. LaTour  
rdlatour@vorys.com

John Frederick Massouh  
john.massouh@sprouselaw.com

John W. Ames  
jwa@gdm.com

James M. Carr  
jim.carr@bakerd.com

Robert K. Stanley  
robert.stanley@bakerd.com

Terry E. Hall  
terry.hall@bakerd.com

Robert Hughes Foree  
robertforee@bellsouth.net

Kim Martin Lewis  
kim.lewis@dinslaw.com

Jeremy S Rogers  
Jeremy.Rogers@dinslaw.com

Ivana B. Shallcross  
ibs@gdm.com

Deborah Caruso  
dcaruso@daleeke.com

Meredith R. Thomas  
mthomas@daleeke.com

William Robert Meyer, II  
rmeyer@stites.com

Allen Morris  
amorris@stites.com

Charles R. Wharton  
Charles.R.Warton@usdoj.gov

James Bryan Johnston  
bjtexas59@hotmail.com

James T. Young  
james@rubin-levin.net

David L. LeBas  
dlebas@namanhowell.com

Judy Hamilton Morse  
judy.morse@crowedunlevy.com

John M. Thompson  
john.thompson@crowedunlevy.com

Jessica E. Yates  
jyates@swlaw.com

John Huffaker  
john.huffaker@sprouselaw.com

Matthew J. Ochs  
matt.ochs@moyewwhite.com

Laura Day Delcotto  
ldelcotto@dlgfir.com

Kelly Greene McConnell  
lisahughes@givenspursley.com

T. Kent Barber  
kbarber@dlgfir.com

Ross A. Plourde  
ross.plourde@mcafeetaft.com

Jeffrey E. Ramsey  
jramsey@hopperblackwell.com

Walter Scott Newbern  
wsnewbern@msn.com

Kirk Crutcher  
kcrutcher@mcs-law.com

Todd J. Johnston  
tjohnston@mcjllp.com

Timothy T. Pridmore  
tpridmore@mcjllp.com

Theodore A Konstantinopoulos

ndohbky@jbandr.com

Karen L. Lobring  
lobring@msn.com

Sandra D. Freeburger  
sfreeburger@dsf-atty.com

Lisa Koch Bryant  
courtmail@fbhlaw.net

Elliott D. Levin  
robin@rubin-levin.net  
edl@trustesolutions.com

John M. Rogers  
johnr@rubin-levin.net

Cathy S. Pike  
cpike@weberandrose.com

John David Hoover  
jdhoover@hooverhull.com

Sean T. White  
swhite@hooverhull.com

Robert H. Foree

robertforee@bellsouth.net  
Sarah Stites Fanzini  
sfanzini@hopperblackwell.com

Michael W. McClain  
mike@kentuckytrial.com

David A. Domina  
ddomina@dominalaw.com

Ashley R. Rusher  
asr@blancolaw.com

/s/ Daniel J. Donnellon

Daniel J. Donnellon

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